

FOR IMMEDIATE RELEASE

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**E*TRADE FINANCIAL RAISES MORE THAN \$600 MILLION OF COMMON EQUITY
IN SECOND QUARTER**

Common Stock Offering Completed; Underwriters Exercise Over-Allotment

New York, NY, June 24, 2009 – E*TRADE FINANCIAL Corporation (NASDAQ: ETFC) today announced that it has closed its Common Stock Offering, which raised gross proceeds of \$550 million. This includes proceeds from the sale of 65,000,000 shares issued upon exercise of the underwriters' over-allotment option. When combined with the \$65 million raised under its previously disclosed Equity Drawdown Program, the Company has raised more than \$600 million of cash common equity this quarter. The net proceeds, after commissions, from equity offerings in the second quarter were approximately \$586 million.

"We are very pleased with the results of our common equity offerings, which provide funds to bolster E*TRADE Bank's capital and also to enhance the liquidity of the Parent company," said Donald H. Layton, Chairman and CEO, E*TRADE FINANCIAL Corporation. "Completion of these capital raising transactions is the first and most important step in implementing our capital plan. As we continue to work toward the implementation of the unfinished portion of the capital plan, we believe the growth potential of our online brokerage business will continue to strengthen."

J.P. Morgan Securities Inc. and Sandler O'Neill & Partners, L.P. were joint book-running managers and E*TRADE Securities LLC was co-manager of this public offering.

About E*TRADE FINANCIAL

The E*TRADE FINANCIAL family of companies provides financial services including trading, investing and related banking products and services to retail investors. Securities products and services are offered by E*TRADE Securities LLC (Member FINRA/SIPC). Bank products and services are offered by E*TRADE Bank, a Federal savings bank, Member FDIC, or its subsidiaries.

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Important Notices

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Forward-Looking Statements. The statements contained in this news release that are forward looking are based on current expectations that are subject to a number of uncertainties and risks, and actual results may differ materially. The uncertainties and risks include, but are not limited to, potential negative regulatory consequences resulting from actions by the Office of Thrift Supervision or other regulators, potential failure to obtain regulatory and shareholder approval for the Company's debt exchange offer and related matters. Additional uncertainties and risks affecting the business, financial condition, results of operations and prospects of the Company include, but are not limited to, potential changes in market activity, anticipated changes in the rate of new customer acquisition, the conversion of new visitors to the site to customers, the activity of customers and assets held at the institution, seasonality, macro trends of the economy in general and the residential real estate market, instability in the consumer credit markets and credit trends, rising mortgage interest rates, tighter mortgage lending guidelines across the industry, increased mortgage loan delinquency and default rates, portfolio growth, portfolio seasoning and resolution through collections, sales or charge-offs, the development and enhancement of products and services, competitive pressures (including price competition), system failures, economic and political conditions, including changes to the U.S. Treasury's Troubled Asset Relief Program, changes in consumer behavior and the introduction of competing products having technological and/or other advantages. Further information about these risks and uncertainties can be found in the "Risk Factors" section of our prospectus supplement dated June 17, 2009 and in the information included or incorporated in the annual, quarterly and current reports on Form 10-K, Form 10-Q and Form 8-K previously filed by E*TRADE FINANCIAL Corporation with the SEC (including information under the caption "Risk Factors"). Any forward-looking statement included in this release speaks only as of the date of this communication; the Company disclaims any obligation to update any information.

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